

PD-ARF-689

UNITED STATES OF AMERICA

8:00

AGENCY FOR INTERNATIONAL DEVELOPMENT

REGIONAL ECONOMIC DEVELOPMENT SERVICES OFFICE
FOR EAST AND SOUTHERN AFRICA (REDSO/ESA)

United States Postal Address
U.S.A.I.D./REDSO/ESA
UNIT 64102
APO AE 09831-4102

International Postal Address

POST OFFICE BOX 30261
NAIROBI, KENYA

March 11, 1993

Mr. Victor Pratt
Chairman, Executive Committee
Kenya Management Assistance Program (KMAP)
P. O. Box 59400
Nairobi, Kenya

Subject: Cooperative Agreement No. 615-0238-A-00-7025-00;
Amendment No. 7

Dear Mr. Chairman:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, and the Federal Grant and Cooperative Agreement Act of 1977, the U.S. Agency for International Development (hereinafter referred to as "USAID" or "Grantor") hereby amends the subject Cooperative Agreement to provide technical counselling; to provide additional staff, including a Research and Information Manager, an Accountant/Administrative Assistant, and a Technical Counselling Supervisor if needed, to increase the secretariat's ability to generate timely information to better serve its clients; to provide \$100,000 additional funding, including funding for two offices outside Nairobi; to define small business and the Board of Directors; to extend the Agreement through March 31, 1994; to provide notice of revised Standard Provisions.

To accomplish these changes said Agreement is therefore amended as follows:

1. Original Attachment 1, SCHEDULE, pages 1 through 10 is hereby DELETED IN ITS ENTIRETY and the following Attachment 1, SCHEDULE, pages 1 through 10 is hereby SUBSTITUTED in lieu thereof.
2. Attachment 2, Mandatory Standard Provisions for Non-U.S., Nongovernmental Grantees is hereby DELETED and the following Attachment 2, Mandatory Standard Provisions for Non-U.S., Nongovernmental Grantees is hereby SUBSTITUTED in lieu thereof. The other applicable standard provisions, sometimes referred to as "optional standard provisions", remain in full force and effect as previously included within the Agreement.

3. All other terms and conditions remain the same.

Please sign the original and five (5) copies of this letter to acknowledge your acceptance of this Agreement amendment. Return the original and four (4) signed copies to the undersigned Grant Officer at: USAID, P.O. Box 30261, Nairobi, Kenya, or by hand delivery to the REDSO/ESA Regional Contracts Office. This amendment shall not be deemed effective until the duly executed original and copies are returned to said Grant Officer.

Sincerely,

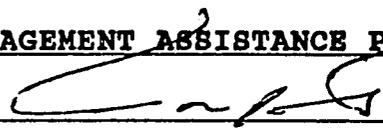


Richard J. Womack
Agreement Officer
REDSO/ESA/RCO

gal/

ACKNOWLEDGED:

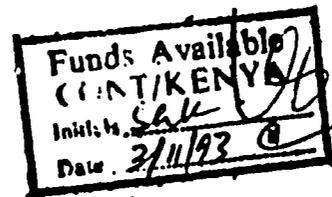
KENYA MANAGEMENT ASSISTANCE PROGRAM

By: 

Typed Name: VICTOR R. PRATT

Title: CHAIRMAN, EXECUTIVE COMMITTEE

Date: 22 MARCH, 1993



FISCAL DATA

Total Estimated Amount	:	\$660,238
Previous Obligations	:	\$560,238
This Obligation	:	\$100,000
Total Obligated To-date	:	\$660,238
Amount Pending	:	\$0
Project No.	:	615-0238
USAID Project Office	:	USAID/KENYA/PE
PIO/T No.	:	615-0238-3-70041
PIO/T Amount	:	\$188,400
Appropriation Symbol	:	72-1171021.6
Budget Plan Code	:	GSSA-87-21615-KG13
PIO/T No.	:	615-0238-3-80034
PIO/T Amount	:	\$50,000
Appropriation Symbol	:	72-1181014
Budget Plan Code	:	GSSA-88-21615-KG13
PIO/T No.	:	615-0238-3-90006
PIO/T Amount	:	\$321,838
Appropriation Symbol	:	72-1191014
Budget Plan Code	:	GSSA-89-21615-KG13
PIO/T No.	:	615-0238-3-90006 Amendment 1
PIO/T Amount	:	\$0
Appropriation Symbol	:	72-1191014
Budget Plan Code	:	GSSA-89-21615-KG13
PIO/T No.	:	615-0238-3-70041 Amendment 1
PIO/T Amount	:	\$0
Appropriation Symbol	:	72-11M1021
Budget Plan Code	:	GDSA-87-21615-KG13
PIO/T No.	:	615-0238-3-30004
PIO/T Amount	:	\$100,000
Appropriation Symbol	:	72-113/41014
Budget Plan Code	:	GSS3-93-21615-KG13

SCHEDULE

Article I - Program Description

A. Objectives

This assistance is being provided as part of the Private Enterprise Development (PED) Project. The purpose of this project is to strengthen institutions that can improve Kenya's business environment and to encourage growth of businesses directly through the financial and advisory assistance those institutions provide.

The objectives of this Cooperative Agreement are to assist the Kenya Management Assistance Program (KMAP) to mobilize experienced managers willing to provide management and technical counseling to small businesses (50 employees or less) on a voluntary basis, and to help small businesses by providing such counseling services and workshops.

B. Detailed Description

KMAP was created by large businesses in Kenya which agree to make their mid-level managers available to provide counseling to small businesses on a voluntary basis.

KMAP will assist any small business person or any person who is planning to start a small business. It will not have strict eligibility rules, but will focus its marketing efforts on the segment of the business population that could be classified as the small formal sector. It is expected that clients will be in the following areas which have many small business participants: retail, wholesale, transport, construction, metalwork, repair, tailoring, bakery and other small manufacturing areas. Clients will be sought through public media, financial institutions, training institutes, business associations and clubs. At first KMAP will operate in the Nairobi metropolitan area. PED will provide funding for up to two chapters outside Nairobi.

All counseling will be provided by experienced business people. The levels of expertise of KMAP counselors will range from shop supervisor through chief executive. Most counselors will be mid-level managers of medium and large businesses who are released by their employers up to one day per month to work with K-MAP. A few will be retired executives. KMAP will maintain a list of all these people in a computerized skills-bank containing names and qualifications of potential counselors from which it can draw. Available counselors will have a wide range of management and technical skills, and will be given orientation training on how to interview and advise KMAP clients.

Areas in which KMAP has developed expertise, in view of the high demand, include: starting a business, how to obtain credit, advice on government approval requirements, and marketing. Other areas will be added as additional needs are identified and it becomes apparent which types of businesses use KMAP most. KMAP will also develop or adapt (from other sources) written materials providing business advice, for use in counseling and/or workshops.

The basic membership units of KMAP are the sponsor-members, large and medium companies whose chief executives have joined on behalf of their companies. The sponsor-members agree to make available members of their managerial and supervisory staff to be on the skills bank roster, and agree to release them up to one day a month when KMAP has a counseling assignment. The counselors themselves are not KMAP members as such. KMAP has planned public relations strategies to motivate both sponsor-members and counselors to continue supporting KMAP.

To the degree possible, KMAP will recruit retired executives as counselors. This group will be a major source of volunteers to help staff the KMAP office during working hours in order to interview and advise walk-in clients.

Besides supporting a portion of KMAP's operating and program expenses, USAID will also provide KMAP with technical assistance. The technical assistance will include initial work to prepare financial and administrative systems and procedures, annual audits, advisory services of a business specialist during the first year of the project, and assistance to KMAP's clients through the International Executive Service Corps (IESC). It will also include an expert to assist with computerization of client and counsellor skills data bases, and a financial expert who can assist in costing out KMAP services. Other technical assistance will be approved through Cooperative Agreement implementation letters.

C. Implementation

KMAP will be responsible for procurement of office furniture and equipment, training equipment and a vehicle. KMAP will be responsible for recruiting members and counselors, soliciting clients, arranging counseling services, making logistic arrangements, issuing invitations to participants and conducting workshops. They will also be responsible for collecting monitoring and evaluating information on both the workshops and counseling services. A Research and Information Manager will be hired whose primary responsibility will be to quantify KMAP impact on clients (employment, profitability, and income); supervise the client data base; and write case studies. KMAP will also host regular counselor meetings as a way to maintain interest among volunteers and provide counselor training.

Potential KMAP clients will apply to KMAP either in person at the KMAP office or in writing. The KMAP duty officer will decide whether the request can be handled on the spot in a brief counseling session by that officer or an in-house counselor at the KMAP office, or whether it requires a site visit and special expertise drawn from the skills bank. A mix of both types of enquiries is expected. For the latter type, the KMAP office will search through the skills bank for a counselor qualified in the particular area of need, and will arrange for that counselor to call on the client's business. Some business problems will take one visit, while others will require repeated follow-up visits. Counselors will be reimbursed only for actual expenses incurred in making such calls, primarily expenses for transportation and lunch, according to guidelines fixed in advance by KMAP. It is expected that at least 240 counseling sessions will be provided by KMAP during the period covered by the initial funding under this Agreement.

KMAP will host regular workshops for business people. These workshops will cover topics of interest to a broad group as well as sector specific problems. They will serve a dual function, both to educate participants and to publicize KMAP's counseling services.

Oversight of the activities of KMAP will be the responsibility of the Executive Committee. The Executive Committee consists of the Chairman, Secretary (also the Chief Executive of KMAP), and eight members who are chairpersons of their respective Sub-committees. USAID is also represented in the committee.

The Board of Directors consists of the Patron, Chairman, Secretary, all the members of the Executive Committee, and 13 other elected members representing the business community. The Board Chairman and members are elected annually at the Annual General Meeting. The purpose of the Board is to provide policy guidelines and overall direction for KMAP. USAID is an observer on the Board of Directors as well.

D. Funding

Funds under this Cooperative Agreement will be used specifically to support salary and related costs of KMAP personnel; office and program expenses (including a vehicle, a computer and specified office equipment), and technical assistance to strengthen KMAP as discussed above in Article IB, supra.

ARTICLE II - Funds Obligated, Payment, Total Estimated Cost and Allowable Costs

A. Funds Obligated

The amount obligated by this agreement is \$660,238. It is anticipated that this amount will support Recipient performance of the Program Description through March 31, 1994.

B. Payment

Payment for personnel, operating and program expenses shall be made to the Recipient in accordance with procedures set forth in Attachment 2 - Standard Provision No. 14, entitled "Payment-Periodic Advance" which is modified to provide for monthly in lieu of quarterly reporting. However, before KMAP pays for goods and services in excess of Ksh 40,000, they must seek approval from USAID's project manager.

C. Total Estimated Cost

The total estimated contribution by USAID is \$660,238 subject to the availability of funds.

D. Allowable Costs

Costs are subject to Standard Provision No. 1 entitled, "Allowable Costs" and No. 4 entitled, "Revision of Grant Budget".

ARTICLE III - Substantial Involvement Understandings

It is anticipated that performance of the Program Description will require substantial involvement by USAID Technical advice will be provided by USAID, Office of Private Enterprise. Approvals required by paragraphs 1 - 4 below will be provided by the Chief of the Office of Private Enterprise by Cooperative Agreement Implementation Letters to the Recipient. Specific areas of involvement include the following:

- 1) Review and approval of all USAID-funded contracts for technical services to KMAP; that is specifically, approval of the scope of work, selection procedures, final selection of individuals or firms, and final contract;
- 2) Review and approval prior to hiring of the qualifications of each professional KMAP staff member;
- 3) Review and approval of annual work plans;

Other USAID substantial involvement will include:

- 4) Consultation with USAID in selection of the topic and scope of all USAID-funded training workshops;
- 5) Joint participation in all evaluations; and
- 6) Participation by an USAID representative with observer status, on the Board of Directors and the Executive Committee.

ARTICLE IV - Period of Agreement

The effective date of this Agreement is the date set forth on the cover letter. The estimated date of completion of the Agreement is March 31, 1994.

ARTICLE V - Reports and Evaluation

A. Technical Reporting

A semi-annual report will be submitted on progress made and problems encountered to date in achievement of agreement objectives. The report will present and analyze both qualitative and quantitative information in order to assess progress achieved in the areas of KMAP's institutional development as well as the counseling and workshop training activities. Two types of firm-level quantitative data will be included: descriptive characteristics of firms assisted through both counseling and workshop activities (to be collected through regular baseline data collection procedures); and information on the impact of KMAP counselling services on assisted firms (to be collected through regular evaluation exercises). The first such report will cover the period ending September 30, 1987.

In addition, the KMAP Program Administrator will meet each month with USAID staff to formally review the substantive progress of agreement activities, including operational and financial targets.

B. Financial Reporting

A monthly financial report is required. This report will include the following:

- 1) The financial reports required by Standard Provision No. 14 of this Cooperative Agreement, which is modified to provide for monthly in lieu of quarterly reporting. These vouchers will be submitted monthly to the USAID/Kenya Controller's Office.

- 2) A consolidated report of expenditures funded by the Cooperative Agreement attached to the monthly voucher (as per one above), to be submitted to the Controller's Office with a copy to the Office of Private Enterprise, which shows by budget line item:
 - a. Amount budgeted per the financial plan,
 - b. Amount expended for the monthly period under consideration,
 - c. Total cumulative amount expended, and
 - d. Estimated expenditure of funds forth next month.

If necessary, KMAP may consult with the Controller's Office concerning further details for submitting all financial reports. Further reporting requirements, if any, will be communicated to KMAP by letter.

C. Evaluation

Regular reviews by USAID of KMAP progress toward program and administrative targets, as set out in the Implementation plan, will provide the basis for determining USAID's continued funding of KMAP. Prior to providing any additional funds to KMAP, USAID will assess whether KMAP has met the following targets:

January - June 30, 1988

- Public relations activities suitable to generate client demand,
- Skills bank maintained in an up-to-date manner, with adequate entries,
- One A.I.D.-funded training session for business people held,
- One A.I.D.-funded training session for counselors held,
- Monitoring system being used for client data,
- Client services provided (at least 120 clients served; 380 counseling hours during six-month period),
- Adequacy of financial and administrative systems,
- Staff recruited and managed adequately,
- K-MAP operations functioning efficiently,
- Compliance with USAID reporting requirements, and
- Evidence of continued support/participation by sponsor-members.

July 1 - December 31, 1988

- Achievement during this period of the same level and quality of performance (in counseling, training, administration, etc.) as stated above for January-June, 1988.
- In addition, evidence that KMAP has a plan for programmatic and financial sustainability and non-USAID sources of funds adequate to supplement USAID funding and cover planned costs of future operations, and
- One IESC consultancy to benefit KMAP's clients is expected to be prepared or initiated.
- An evaluation will be conducted at the end of the Agreement period.

ARTICLE VI - Financial Plan:

The following is the Financial Plan for this Agreement. A detailed budget is attached which includes agreed upon levels and types of financing for this Agreement. Revisions to this Plan shall be made in accordance with the Standard Provision No. 4 of this Agreement, entitled "Revision of Grant Budget." KMAP is fully responsible for financial management and accountable for utilization of funds provided by this Agreement.

<u>Cost Element</u>	<u>USAID Estimated Cost in U.S. Dollars ('000's)</u>		
	Prior Obligation	Current Additions	Total Obligation To Date
1. Operational Support	406,800	60,000	466,800
2. Program Support	124,588	30,000	154,588
3. Technical Assistance	28,850	10,000	38,850
Total	<u>\$560,238</u>	<u>\$100,000</u>	<u>\$660,238</u>

<u>Cost Element</u>	<u>KMAP Estimated Cost in U.S. Dollars ('000's)</u>		
	Prior Obligation	Current Additions	Total Obligation To Date
1. Operational Support	182,970	20,500	203,470
2. Program Support	-	-	-
3. Technical Assistance	-	-	-
4. Volunteer Consultancies*	286,200	50,000	336,200
Total	<u>\$469,170</u>	<u>\$70,500</u>	<u>\$539,670</u>

*Contributions in kind.

Cash contributions will be raised from other donors, training fees, and member companies and registration fees. The in-kind contributions represent volunteer consultancies by KMAP members to KMAP clients.

USAID is contributing to the recipient's operations and other overhead will not be allowable costs under this Agreement.

ARTICLE VII - Special Provisions

A. Prior to disbursement of funds under this Cooperative Agreement, with the exception of those funds designated for technical assistance, KMAP will provide evidence, in form and substance satisfactory to USAID, that (1) the funds provided to KMAP under the Agreement from the AID/W Africa Private Enterprise Development Fund have been properly used and accounted for; (2) that the program targets set forth in Article V, Section C of Cooperative Agreement 615-0438-A-00-7024-00 have been met; (3) that an annual work plan, approved by USAID under Article III, is on file at USAID.

B. Prior to initiation of vehicle procurement by KMAP under this Cooperative Agreement, KMAP will provide in form and substance satisfactory to USAID a "Vehicle Use Policy Statement" which specifies how, when and by whom the vehicle is to be employed, a usage log format, a vehicle maintenance plan and insurance provisions as required by Kenyan law. Acceptable security

arrangements must be made for the vehicle during non-business hours.

C. Prior to disbursement of funds after June 30, 1988, KMAP will provide evidence, in form and substance satisfactory to USAID, that funds have been properly used and accounted for and that the program targets set forth in Article V, Section C, "Evaluation," have been met for the relevant period.

D. The Recipient may not use project funds to send individuals outside Kenya to perform work under this Cooperative Agreement.

E. Nonexpendable equipment is defined as having an acquisition cost of \$500 or more per unit and/or a serial number and a useful service life of more than two years. For the purposes of this Cooperative Agreement, such nonexpendable equipment shall include, but not be limited to, office equipment, training equipment, and vehicles. It is understood that title to all nonexpendable equipment shall vest primarily in the Recipient and secondarily, in the event that KMAP discontinues operations, in USAID.

F. KMAP will submit to USAID, within ninety days after the end of the fiscal year for KMAP, an audited annual financial statement, prepared by an independent certified public accountant or audit firm.

ARTICLE VIII - Standard Provisions:

The Standard Provisions, contained in Attachment 2, are applicable to this Agreement with the exceptions of the modifications made hereunder.

A. The terms of the standard provision entitled "Payment - Periodic Advance", section (b), is modified to require submission by the Recipient of voucher forms SF 1034 and SF 1034-A on a monthly basis. In addition, the outstanding advance to the Recipient will not exceed \$10,000 at any given time. Other payments will be made according to the provisions of Article II, clause B, supra.

B. The standard provision entitled "Local Cost Financing" is applicable to this Agreement. Local cost financing is authorized for expenditures up to the full amount of the funding under the Agreement without prior Agreement Officer approval.

C. AUTHORIZED GEOGRAPHIC CODE In addition to other applicable provisions of this Agreement, the Recipient shall comply with paragraph (b)(2) of the Standard Provision of this Agreement entitled "AID Eligibility Rules for Goods and Services", concerning

total procurement value of more than \$250,000 under this Agreement, except that said paragraph does not apply to the restricted goods listed in paragraph (a)(3) of said Standard Provision, which must be specifically approved by the Agreement Officer in all cases. Paragraph (b)(1) of said Standard Provision does not apply.

1. Procurement: The authorized geographic code for this Agreement is the Special Free World Countries (935). All goods and services which will be reimbursed under the Agreement and financed with U.S. Dollars, shall be procured in and shipped from only "Special Free World" (AID Geographic Code 935) countries in accordance with the following order of preference:

- (a) The United States (AID Geographic Code 000)
- (b) The Cooperating Country (AID Geographic Code 935)
- (c) Selected Free World Countries (AID Geographic Code 941)
- (d) Special Free World Countries (AID Geographic Code 935)

2. Application of Order of Preference: When goods and services are procured by the Recipient from other than U.S. sources, under the order of preference detailed above, the Recipient will document its files to justify each such instance. The documentation shall set forth the circumstances surrounding the procurement, and shall be based on one or more of the following reasons:

- (a) The procurement was of an emergency nature, which would not allow for the delay attendant to soliciting U.S. sources;
- (b) The price differential for procurement from U.S. sources exceeded by 50% or more the delivered price from a non-U.S. source;
- (c) Impelling local political considerations precluded consideration of U.S. sources;
- (d) The goods or services were not available from U.S. sources;
- (e) Procurement of locally available goods and services, as opposed to procurement of U.S. goods and services, would best promote the objectives of the Foreign Assistance program under the grant; or
- (f) Maintainability or serviceability opportunities available in the cooperating country which favor procurement from other than U.S. sources.

(End of Attachment 1 - "SCHEDULE")